



**SCOTTSDALE AIRPORT ADVISORY COMMISSION
PUBLIC MEETING**

**Scottsdale Airport Terminal Lobby
15000 N. Airport Drive, Scottsdale, AZ**

March 13, 2013

MINUTES

PRESENT: Michael Goode, Chairman
William Bergdoll, Vice Chairman (telephonic)
Gunnar Buzzard
Ken Casey
Bob Hobbi
Steve Ziomek

ABSENT: William Schuckert

STAFF: Sarah Ferrera, Aviation Planning & Outreach Coordinator
Shannon Johnson, Management Analyst
Gary Mascaro, Aviation Director
Chris Read, Airport Operations Manager

OTHERS: Joe Girardi
Shawn Seaton

CALL TO ORDER

Chairman Goode called the meeting to order at 6:00 p.m.

ROLL CALL

A formal roll call confirmed the presence of Commissioners as noted above.

PLEDGE OF ALLEGIANCE

Chairman Goode led the meeting in the pledge of allegiance.

AVIATION DIRECTOR'S REPORT

Aviation Director Mr. Gary Mascaro confirmed he had nothing to report to the Commission.

APPROVAL OF MINUTES

1. Approval of Minutes

Regular Meeting: February 13, 2013

Commissioner Buzzard made a motion to approve the minutes of the February 13, 2013 regular meeting. Commissioner Casey seconded the motion, which carried by a vote of six (6) to zero (0). Commissioner Schuckert was absent.

PUBLIC COMMENT

Joe Girardi, a resident of DC Ranch, asked to begin a dialog with the Commission, the FAA and other stakeholders to review noise reduction concepts and procedures. He stressed that the intent is not to close the Airport or reroute planes to other neighborhoods.

Mr. Sean Seton, President of the DC Ranch Board, said there have been many recent complaints about the timing of flights and that aircraft are flying too low. He understands that older small planes are noisier than the G5s. They would like to find technical solutions and as much as possible limit nighttime use of the Airport.

Chairman Goode told them the Commission will take this under advisement.

REGULAR AGENDA ITEMS 1 - 9

1. Discussion and Possible Action to accept the proposed Aviation Enterprise Fund Five-Year Financial Plan

Management Analyst Ms. Shannon Johnson outlined the plan. She noted that the Airport will have to pay for an upgrade to the hardware and software for the U.S. Customs Service.

Commissioner Buzzard moved to approve the Aviation Enterprise Fund Five-Year Financial Plan. Commissioner Hobbi seconded the motion, which carried by a vote of six (6) to zero (0). Commissioner Schuckert was absent.

2. Discussion and Input regarding the possibility of providing U.S. Customs Service seven days a week

Chairman Goode reported he and Matt Wright of Landmark Aviation had a teleconference with Kevin Brown of Congressman Schweikert's office. At the moment the Congressman is unable to do anything because of sequestration. If that situation is resolved the Congressman's office will push this issue to the top of their list and fight for it again. Chairman Goode said at this point the only other solution he sees is to accept a full-time person.

Mr. Mascaro estimated that adding another full-time customs agent year round would cost about \$162,000 annually. Typically the Airport makes about \$200,000 to \$230,000 annually from the U.S. Customs Service. He noted that costs other than payroll include technology, equipment and office space. He pointed out that the financial plan includes \$54,000 to cover the cost of having an extra full-time customs agent during the season. To have seven-day service year-round he warned the Airport would have to raise rates. Based on the information staff has gathered there would not be enough revenue derived from seven-day service throughout the year.

Chairman Goode said the rates at Scottsdale Airport are already high. Mr. Mascaro said some airports have a policy of not recovering all the costs of Customs service. However City policy is that the Airport must recover its costs. He asked whether there would be any economies of scale from adding a second person. Mr. Mascaro said the figure of \$162,000 is purely to have a second full-time agent at the Airport, with no overtime.

Chairman Goode asked whether overtime could be reduced by having each officer work longer shifts for fewer days each week. Mr. Mascaro said that Officer Kennedy has told him no one complains about paying overtime for arriving outside of normally scheduled hours. Having the Customs Service open for longer hours each day would actually cut down the revenues because less overtime would be charged. He estimated that the total cost of adding a full-time Customs agent would be at least \$320,000 annually. The Airport would have to subsidize this to some extent. At the moment, Officer Kennedy attends the Airport as much as possible on his two days off and users pay \$225 in an overtime charge.

In reply to a follow-up question by Chairman Goode, Mr. Mascaro said the Airport can afford to add a second full-time officer using additional Aviation Enterprise funds, if the Commission and City Council agrees to subsidize it. He recalled that when the service was instituted in 2003 it was done with the caveat that it must pay for itself, because at the time no one realized how beneficial the service would prove to be.

Commissioner Ziomek asked how much the Airport makes on average per flight using the Customs service. Ms. Johnson said the highest amount is \$350. The lowest price for a single piston aircraft is around \$100. Commissioner Ziomek pointed out that only five aircraft cleared Customs in February. Mr. Mascaro said they have been very busy; only five flights included foreign nationals entering the U.S. at the Airport. Chairman Goode commented that Officer Kennedy cannot always work on his days off. He urged that when people see no Customs service is available on Tuesday or Wednesday they do not even inquire about arranging to arrive on those days and fly elsewhere instead. If it is known that the Customs service at Scottsdale Airport is available seven days a week traffic may increase. This may be a loss leader at the outset but he believes they have a chance to recoup their costs. He asked how long it took to break even after service started in 2003 and suggested it is time to bite the bullet.

Commissioner Ziomek suggested that they should just pay the overtime to have seven-day Customs service. Mr. Mascaro said that this was what the Airport had proposed to the U.S. Customs Service but the Customs Service did not agree. Commissioner Ziomek suggested that with the current federal financial issues now might be a good time to revisit this with the U.S. Customs Service. Chairman Goode said Mr. Brown reported at the teleconference that the Customs Service will not discuss this with the Congressman's office.

Commissioner Casey commented that everyone has been working hard to make this happen. He concurred with Chairman Goode that "if you build it, they will come." Scottsdale is a world class business aviation airport. He knows for a fact that people outside of Scottsdale have no idea that Customs service may be available on Tuesdays and Wednesdays because Officer Kennedy is prepared to work on those days. They need to offer this service as more Canadian and Mexican nationals fly in. Even though this is a large item on the budget, over the long term it makes sense. He said charging \$350 for a large aircraft to clear Customs is very reasonable and the fees could be raised. It is less expensive to pay those fees than to make an extra landing somewhere else to clear Customs. He would recommend having two officers working longer shifts and having them both work when the Airport is particularly busy.

Mr. Mascaro said the U.S. Customs Service may not be allowed to have the Airport set hours. Officers are restricted to working eight hours a day for five days a week. This necessarily means there would be times when two officers are present whether or not there is work to be done.

Chairman Goode asked if they could try to negotiate some flexibility with the Port Director. Commissioner Ziomek said there may be union rules that would prevent this. Chairman Goode urged that adding an extra officer will pay off in the long run and waiting for sequestration to end is not a good strategy. He asked Mr. Mascaro for any suggestions.

Mr. Mascaro said Ms. Johnson did a quick analysis which reveals that to recover costs, they would need an extra five flights a day on Tuesday and Wednesday year round. Typically between one and five flights per day use the Customs Service. Commissioner Ziomek pointed out that really an extra ten flights per week would be needed to recover costs.

Commissioner Buzzard inquired about the general trends in Customs usage during the past three years. If the trend is upward it could be worthwhile having Customs Service every day. Mr. Mascaro reminded the meeting that traffic is seasonal. Chairman Goode said service to international flights from overseas has only been in place for a year. Those numbers are increasing. The increased weight limit will also affect the Airport. His recommendation is to see whether they can negotiate hours of service with the Port Director and consider subsidizing the expanded service initially.

Commissioner Hobbi said this is a business decision. He said it would be helpful to have data on incoming flights into the Valley that require Customs Service, look at the trends, and compare the Airport fees to other airports around the country.

Mr. Mascaro said it is practically impossible to obtain data on international travelers who do not fly into Scottsdale because they cannot clear Customs on Tuesday or Wednesday. The only hard data is information Officer Kennedy is able to track from interactions with travelers. He pointed out that if people fly into Sky Harbor or Tucson, those airports are ports of entry and do not charge a fee. The niche market that Williams Gateway serves is air cargo. When they started in 2003 the fees were extremely low and as fees were raised they did not encounter any pushback. Officer Kennedy has told staff he feels seven-day service would be justified during the busy season but during the summer things are extremely slow. Mr. Mascaro said if the Commission wishes, he can discuss more flexible shifts with the Port Director. He added that when the service expands to seven days a week he can guarantee there will be a deficit, at least initially. This is not a problem as long as the Commission and City Council are prepared to subsidize the service.

Commissioner Ziomek said this must be an emotional decision, not just a business decision. The bottom line is that Scottsdale is a world-class airport and should act accordingly. Having seven-day service would enhance the marketing efforts staff is making.

Chairman Goode said he would like staff to look at this further and undertook to check the situation at Denver Airport himself. Mr. Mascaro stressed that this is a policy decision. He mentioned that the contract has a cancelation clause so could be canceled with 180 days' notice. Staff will return to the Commission with a plan once they have done their research. He added that before presenting any recommendation to City Council staff would want to do outreach to users.

Commissioner Casey asked whether they could hire a part-time Customs officer. Mr. Mascaro said this was the initial proposal to the Port Director and it was not accepted. Commissioner Casey inquired how the officers' vacations and sick leave is covered. Mr. Mascaro said the contract requires that Customs provide coverage in those situations.

3. Discussion and Input Regarding an update of the potential of an Air Fair in 2013

Commissioner Ziomek said he consulted with Ciao Baby Catering and Zulu Caffé and they do not have the time, resources or money to promote an Air Fair. He does not see a way to put on an Air Fair this year.

Chairman Goode added that in light of sequestration the Thunderbirds demonstrations have been eliminated. He added that Betty Drake, Co-Chair of the USDF Regional and State Championships has told him that the Arizona Dressage Association continues to have serious concerns about the safety of equestrian events during the Air Fair. She was unable to attend tonight's meeting.

Commissioner Hobbi said the Air Fair is a community event. He asked that the Commission and staff consider some other form of community outreach to show the value of aviation to the community.

Chairman Goode said the costs of security, crowd control and liability insurance are the big expenses in having large numbers of people visit the Airport.

Commissioner Hobbi said his concern is that community outreach is key. He felt there must be something they could do to bring people into the Airport, which would alleviate concerns about noise and safety.

Mr. Mascaro said that staff continues to hold community outreach events. The Air Fair in 2012 was a test. Only 4,000 people attended the event last year over the two days. An open house, which was tried earlier, attracted just 200. Staff has found it more effective to go out to HOAs and groups and host smaller tours. Staff is open to any low cost suggestions that would not require a lot of staff time.

4. Discussion and Input Regarding Monthly Operations Reports for February 2013

Airport Operations Manager Mr. Chris Read presented the operations report for February. Commissioner Casey asked that the report show total regular uses of the U.S. Customs Service as well as the foreign nationals coming in by month. After discussion Mr. Mascaro said staff can present all the information to the Commission when they present their recommendation. Although with the overtime fees each use of the Customs Service has netted an average fee of \$555, he cautioned if the hours of operation are expanded they will collect less overtime fees.

5. Discussion and Input Regarding Monthly Financial Reports for January 2013

Ms. Johnson presented the financial reports for January 2013.

6. Discussion and Input Regarding Public Outreach Programs and Planning Projects

Aviation Planning and Outreach Coordinator Ms. Sarah Ferrara described current outreach efforts. They have registered for the next NBAA National Convention in Las Vegas in October. She will be making a presentation as part of Scottsdale 101. Run the Runway will take place on April 6. Staff had an article on the economic impact of the Airport in this month's Scottsdale Airport News. A pilot briefing was held on March 6.

Commissioner Casey asked whether voluntary curfew letters are sent to transient operators as well as based operators when necessary. Ms. Ferrara said it is more challenging, but she does.

7. Discussion and Input Regarding Airport and Airpark Aeronautical Business Permit Additions, Cancellations or Revocations

Ms. Johnson announced that Angel Jet Services cancelled their permit.

8. Discussion and Input regarding Status of Aviation Items to City Council

Mr. Mascaro said Council has approved the amendment to the engineering services contract.

He noted that a Hyundai dealership is to be developed off of Frank Lloyd Wright directly adjacent to the Airport. The company is working very closely with Ms. Ferrara.

9. Discussion and Possible Action to Modify the Airport Advisory Commission Meeting Schedule and Commission Item Calendar

Mr. Mascaro stated the next meeting will be on April 10.

Chairman Goode said depending on agenda items they may consider canceling either the May or June meeting.

FUTURE AGENDA ITEMS

Commissioner Ziomek said last month the Civil Air Patrol had a safety stand down day at the terminal. Mr. Read gave a phenomenal presentation on airport safety and Commissioner Buzzard gave a great presentation on crew resource management. Both presentations were extremely well received and he received many accolades. Next Monday at the Civil Air Patrol cadets meeting at the terminal, one cadet will be promoted to Cadet Captain and another will be promoted to Cadet Major. This is a significant honor. Among the guests will be Councilman Littlefield; Colonel Brian Ready, the Arizona Wing Commander; and several other important guests. He encouraged the Commission and staff to attend if possible.

Commissioner Casey said local members of the AZBAA have expressed concern about the noise from increased military traffic. He suggested a discussion be agendized.

ADJOURNMENT

With no further business to discuss, being duly moved and seconded, the meeting adjourned at 7:28 p.m.

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